

ALAN J. WATSON (SBN 177531)  
ROBERT J. LABATE (SBN 313847)  
Holland & Knight, LLP  
400 South Hope Street, 8<sup>th</sup> Floor  
Los Angeles, CA 90071  
Telephone (213) 896.2400;  
Facsimile (213) 896.2450  
Email: [alan.watson@hklaw.com](mailto:alan.watson@hklaw.com);  
[robert.labate@hklaw.com](mailto:robert.labate@hklaw.com)

Attorneys for Petitioning Creditors

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA -- LOS ANGELES DIVISION**

In re:	)	CASE NO. 2:17-bk-19548-NB
LAYFIELD & BARRETT, APC,	)	Chapter 7 Case
A California Professional	)	<b>DECLARATION OF JOSEPH</b>
Corporation,	)	<b>BARRETT IN SUPPORT OF</b>
	)	<b>PETITIONING CREDITORS'</b>
Debtor.	)	<b>EMERGENCY MOTION FOR</b>
	)	<b>APPOINTMENT OF AN INTERIM</b>
	)	<b>TRUSTEE UNDER 11 U.S.C. §</b>
	)	<b>303(g) AND GRANTING</b>
	)	<b>EMERGENCY RELIEF</b>
	)	
	)	Date: TO BE SET
	)	Time: TO BE SET
	)	Place: Courtroom 1545, 255 E. Temple
	)	
	)	
	)	

**DECLARATION OF JOSEPH BARRETT**

I, Joseph Barrett, hereby declare as follows:

1. I am over 18 years of age. I am a former minority shareholder of Layfield & Barrett, APC ("**Alleged Debtor**") and currently I am employed as a lawyer at Maximum Legal (California), LLP ("**Maximum Legal**"), which was formed on or about May 10, 2017. Except where specified otherwise, I have personal knowledge of the facts set forth below and, if called to testify as a witness, could and would competently testify thereto.

2. I support the involuntary chapter 7 petition filed on July 31, 2017 and support the Petitioning Creditors' Motion to appoint an interim trustee as essential to protect and preserve property of the Alleged Debtor's estate and to prevent concealment, waste, loss or conversion of the assets of the estate by Philip Layfield ("**Layfield**") who continues to control the Alleged Debtor's accounts.

3. Layfield told me repeatedly in June and July of 2017 that he had left the United States and moved to Costa Rica.

4. Until it ceased employing any lawyers on or about June 1, 2017, Alleged Debtor was a law firm headquartered in California, representing plaintiffs in personal injury cases primarily in California, but also in Utah, Arizona, and elsewhere.

5. Alleged Debtor's case management system, Smart Advocate, was used by the Alleged Debtor and its attorneys to organize and keep track of approximately 140 cases for individuals who were clients of Alleged Debtor at the time it ceased to perform any legal services for clients.

6. Despite the cessation of performing legal services, Alleged Debtor is still counsel of record on a number of cases in California.

7. To my knowledge, since the Alleged Debtor stopped performing legal services at the beginning of June 2017, neither the Alleged Debtor nor Layfield has provided any information to any of the Alleged Debtor's former lawyers, referring

1 lawyers, or clients regarding the status of net settlement proceeds belonging to  
2 clients.

3 8. Layfield told me that settlement funds received by Alleged Debtor for  
4 the benefit of its clients were deposited in an IOLTA account controlled by Layfield.  
5 He told me that he was the sole signatory on that account. I am not aware of anyone  
6 else ever having signatory authority over that account, including myself. I am not  
7 aware of any other accounts into which settlement funds obtained by Alleged Debtor  
8 were deposited.

9 9. In the months leading up to the Alleged Debtor's cessation of  
10 performing legal services, multiple clients demanded their net settlement proceeds.

11 10. Layfield has confirmed to me that Alleged Debtor has failed or refused  
12 to distribute net settlement proceeds belonging to clients that were received by  
13 Alleged Debtor after settlement of the clients' cases.

14 11. Currently, only Layfield has access to client trust fund accounts. To my  
15 knowledge, following Alleged Debtor's cessation of performing legal services,  
16 Alleged Debtor took no steps to inform clients of the status of their cases or to  
17 provide clients with information regarding distribution of their net settlement  
18 proceeds held in Alleged Debtor's client trust fund accounts.

19 12. Layfield has also confirmed to me that vendors and other creditors of  
20 Alleged Debtor have also not been paid debts owed to them.

21 13. The Alleged Debtor's case management system keeps track of all case  
22 deadlines and hearings, names and contact information of the claimants, and details  
23 regarding the cases.

24 14. The Alleged Debtor's case management system is being accessed by  
25 Maximum Legal to obtain information for approximately 40 active litigation cases  
26 and another 40 cases in pre-litigation stages in which Maximum Legal represents the  
27 plaintiff or plaintiffs. Additionally, the case management system also contains  
28 information on approximately 80 other cases in active litigation in which clients are

1 effectively unrepresented at this time because Maximum Legal has not undertaken  
2 representation in those cases, and Alleged Debtor is no longer performing legal  
3 services. Alleged Debtor is incapable of providing representation in those cases  
4 because it is closed and does not have any attorneys, staff, or other resources.

5 15. Maximum Legal personnel were accessing Alleged Debtor's case  
6 management system and were using the case management system to protect the  
7 interests of Alleged Debtor's clients who were abandoned when the Alleged Debtor  
8 ceased to perform legal services. Maximum Legal personnel rely on this case  
9 management system to perform legal services for its clients and those of Alleged  
10 Debtor.

11 16. Maximum Legal is now associated with a number of cases previously  
12 handled by the Alleged Debtor. Maximum Legal anticipates that certain litigation  
13 recoveries will be received in the near future with respect to cases in which it is  
14 associate counsel.

15 17. From Saturday, July 22 to Thursday, July 27, 2017, Maximum Legal's  
16 access to Alleged Debtor's case management system was cut off. I am informed that  
17 it happened because Layfield requested the IT person for Alleged Debtor to move  
18 the computer server on which the case management system was stored to Costa Rica,  
19 where Layfield now supposedly lives.

20 I declare under penalty of perjury under the laws of the United States of  
21 America that the foregoing is true and correct.

22 Executed this 1st day of August, 2017, in Irvine, California.

23  
24  
25  
26  
27  
28  
  
JOSEPH BARRETT